

EXHIBIT B

Coverick Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	Chapter 11
FTX TRADING LTD., <i>et al.</i> , ¹	Case No. 22-11068 (JTD)
Debtors.	(Jointly Administered)

**DECLARATION OF STEVEN P. COVERICK IN SUPPORT OF MOTION OF
DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING (I) THE
REPAYMENT OF INTERCOMPANY PAYABLES BY FTX JAPAN AND (II) THE
RELEASE OF THE CLAIMS RELATED TO THE INTERCOMPANY PAYABLES**

I, Steven P. Coverick, hereby declare under penalty of perjury:

1. I am a Managing Director at Alvarez & Marsal North America, LLC (“A&M”), a restructuring advisory services firm specializing in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services and financial and operation restructuring.

2. I have more than 10 years of restructuring and financial advisory experience across various industries, including energy, technology, media, telecommunications, logistics and healthcare. I have a Bachelor’s Degree from the Kelley School of Business at Indiana University, am a CFA® charterholder, and am recognized as a Certified Turnaround Professional by the Turnaround Management Association.

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification numbers are 3288 and 4063, respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>. The principal place of business of Debtor Emergent Fidelity Technologies Ltd is Unit 3B, Bryson’s Commercial Complex, Friars Hill Road, St. John’s, Antigua and Barbuda.

3. Since joining A&M, I have been involved in numerous Chapter 11 restructurings, including Seadrill Limited, iHeart Media Inc., White Star Petroleum Holdings, LLC, Templar Energy LLC and Expro International Group Holdings Limited.

4. I submit this declaration (the “Declaration”) in support of the *Motion of Debtors For Entry of an Order Authorizing and Approving (I) the Repayment of Intercompany Payables by FTX Japan and (II) the Release of the Claims Related to the Intercompany Payables* (the “Motion”).²

5. I am not being compensated separately for this testimony other than through payments received by A&M as financial advisor retained by FTX Trading Ltd. and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”). Except as otherwise indicated herein, all of the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by A&M professionals involved in advising the Debtors in the above-captioned case (the “Chapter 11 Case”) or information provided to me by the Debtors. If called upon to testify, I could and would testify to the facts set forth herein on that basis. I am authorized to submit this Declaration on behalf of the Debtors.

FTX Japan

6. Since February 2023, FTX Japan customers have been able to withdraw their segregated fiat and crypto assets. Based on the Debtors’ currently available books and records, from February 21, 2023 to April 8, 2024, FTX Japan customers have withdrawn a total

² Capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

of JPY 56 billion³ (equivalent to \$356 million⁴), leaving customer liabilities of JPY 9 billion⁵ (equivalent to \$56 million⁶) remaining at FTX Japan.

FTX Japan Balance Sheet Restructuring

7. The Debtors have identified, among other things, the existence of significant intercompany payables on the FTX Japan balance sheet as an impediment to a potential sale transaction, and the Debtors expect that FTX Japan's repayment of these intercompany payables will benefit the sales and marketing process for FTX Japan. Moreover, any sale or other restructuring event would necessitate that FTX Japan address its intercompany payables and, pursuant to this Motion, the Debtors are seeking to settle such intercompany payables in an orderly fashion.

8. Based on the Debtors' currently available books and records as of April 30, 2024, FTX Japan has intercompany payables to the Intercompany Debtors in an aggregate amount of \$69.7 million, consisting of the following (each an "Intercompany Payable" and collectively the "Intercompany Payables").

³ According to the conversion rate as of April 30, 2024.

⁴ *Ibid.*

⁵ *Ibid.*

⁶ *Ibid.*

Intercompany Payables Counterparty	Balance as of April 30, 2024	
	JPY (millions)	USD (thousands)
FTX Japan Holdings	626	3,967
FTX Trading	8,671	54,968
Alameda	1,266	8,027
Quoine	169	1,070
WRSS	252	1,600
WRS	13	81
Total	10,996	69,712

9. I understand that each of the Intercompany Payables was incurred in the ordinary course. FTX Japan Holdings holds a pre- and postpetition intercompany claim against FTX Japan in relation to an intercompany funding and operating expenses paid on behalf of FTX Japan. FTX Trading holds a prepetition intercompany claim against FTX Japan mainly in relation to crypto transactions processed by FTX Trading on behalf of FTX Japan, fiat and crypto trading balances between FTX Trading and FTX Japan customers and fiat currency transfers made in connection with the migration of customers to FTX Japan from FTX Trading. Alameda holds a prepetition intercompany claim against FTX Japan in relation to a prepetition crypto transfer. Quoine holds a postpetition intercompany claim against FTX Japan in relation to an intercompany loan provided to cover operating expenses and operating expenses paid on behalf of FTX Japan. WRSS holds a prepetition intercompany claim against FTX Japan in relation to marketing expenses paid on behalf of FTX Japan. WRS primarily holds a postpetition intercompany claim against FTX Japan in respect of U.S. Trustee fees.

10. Based on the Debtors' currently available books and records as of April 30, 2024, FTX Japan had assets of approximately \$166.6 million, including approximately \$104.3 million in cash and cash equivalents (excluding cash held on behalf of customers) and

approximately \$6.2 million in crypto assets (excluding crypto held on behalf of customers), and liabilities (excluding the Intercompany Payables and liabilities for segregated customer cash and crypto) of approximately \$1.1 million.

11. As a result, following the repayment of the Intercompany Payables, FTX Japan is expected to have cash and cash equivalents of approximately \$33.5 million in excess of its liabilities.

12. Because most of the Intercompany Payables are denominated in United States dollars, but the books and records of FTX Japan are kept in Japanese yen, the Debtors would propose to fix the Japanese yen amounts for repayment set forth above⁷ in order to provide immediate visibility to potential purchasers of the amount of cash (in Japanese yen) being repaid by FTX Japan and the amount of cash (in Japanese yen) remaining at FTX Japan.

13. I understand that a sound business purpose exists for FTX Japan's repayment of the Intercompany Payables to the Intercompany Debtors. The repayment of the Intercompany Payables owed to the Intercompany Debtors obviates the need for a potential purchaser of FTX Japan to pay for them. The repayment will also create more separateness of FTX Japan from the broader Debtor group, making it more attractive to a potential purchaser. Additionally, repayment will result in cash being repatriated to the US in a tax efficient manner, increasing cash available for distribution to creditors and reducing exposure to Japanese yen, which has weakened relative to the US dollar since the Petition Date.

14. The Debtors expect to consult with the JFSA prior to the repayment of the Intercompany Payables.

⁷ Assumes intercompany payables are settled before May 2024 management accounts are available. If May 2024 or subsequent period financial statements are available, the Debtors may reset the exchange rate and include any additional payables incurred.

15. Since February 2023, FTX Japan customers have been able to withdraw their segregated crypto and fiat. Thus, the repayment of the Intercompany Payables would not be depriving any known customers of FTX Japan of any of their segregated assets.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: May 23, 2024

/s/ Steven P. Coverick

Steven P. Coverick
Alvarez & Marsal North America, LLC
Managing Director